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October 21, 2008

By Mail & Fax

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Re: Parkway Village
Notice Pursuant to Agreement (¶ 12)
of August 5, 2008

In compliance with the terms of the Agreement between Parkway Village Equity Corp. and the United States Attorney's Office for the Eastern District of New York, dated August 5, 2008 ("the Agreement"), specifically paragraphs 16 and 17 thereof, this letter is submitted to provide notice of the commencement of three (3) "digs," as set forth below.

A steam leak has developed adjacent to Building 42 (147-57 Village Road), therefore as soon as weather permits, an excavation ("dig") will be commenced adjacent to the building. Because of the dangerous condition caused by the release of the hot steam and because the steam is causing damage to the adjacent building and an apartment therein, we consider this situation within the "exigent circumstances" provision of ¶17 of the Agreement, and that requires

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immediate attention. An exploratory dig will be commenced to determine the conditions of this leak. This dig will be performed by employees of Parkway Village under the personal supervision of Property Manager Arthur Baxter, who is trained in identifying asbestos material.

Additionally, a leak has developed in a steam return line adjacent to Building 32 (147-24 Charter Road). As soon as weather permits an exploratory "dig" will be commenced to determine the conditions of this leak. This dig will be performed by employees of Parkway Village under the personal supervision of Property Manager Arthur Baxter, who is trained in identifying asbestos material.

If asbestos is encountered in the above described digs, proper steps will be immediately taken. Namely, if asbestos insulation is encountered on the steam pipe or at any point during the excavation, work will be immediately stopped and the suspected asbestos will be promptly covered. Thereafter, an appropriate asbestos consultant will inspect the site to determine if asbestos is actually present, and if asbestos is present, a licensed asbestos removal contractor will be retained to properly conduct the abatement (see Settlement Agreement ¶8ix). All appropriate abatement notices will be filed in accord with the Settlement Agreement and pursuant to applicable legal requirements.

Further, a leak in a water supply line has developed adjacent to Buildings 75 and 76 (144-79 Grand Central Parkway). An independent contractor, Balkan Plumbing, who has previously preformed work for Parkway Village will be retained to conduct the excavation and repairs on this pipe.

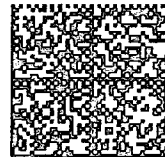
Very truly yours,


Meissner, Kleinberg & Finkel, LLP.
Counsel for Parkway Village Equity Corp.

By: 

Richard A. Finkel

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